

Remarks

Claims 1-9, 14-16 and 18-22 are pending in the application, all of which have been rejected. By this paper, Applicants add new claims 23 and 24. Applicants submit that support for these amendments can be found in the disclosure as originally filed, and therefore no new matter has been added. Applicants do not admit that the amendments were necessary as a result of any cited art or Office rejections. Applicants respectfully request reconsideration of the above-identified application in view of the following remarks.

Rejection Under 35 U.S.C. §112

Claims 1-9 and 14-16 stand rejected under § 112, second paragraph, as being indefinite. More specifically, claims 1 and 14 were each rejected because the Office believes that the terms "eligibility" and "eligible" are "not defined by the claim and thus it is unclear which transactions are or are not subject to the claim limitations." (Office Action, page 2.) Furthermore, the Office Action indicates that claims 19 and 21 are indefinite because they include the term "sufficient," which likewise is "not defined by the claim and thus it is unclear which transactions are or are not subject to the claim limitations." *Id.* Finally, claims 1 and 14 stand rejected under § 112, second paragraph, "as being incomplete for omitting essential steps, such omission amounting to a gap between the steps." *Id.* More specifically, the Office Action notes that "it is unclear from prior claim limitations what transaction decision is referred to." *Id.* The Office also raised the following question: "How is the transaction processed and settled?" *Id.*

Regarding the terms "eligibility" and "eligible," Applicants submit that those terms, as used in the claims, are clear and definite. In that regard, claim 1 recites the step of "determining eligibility of the transaction for payment via a bank account," and claim 14 recites "instructions for determining eligibility of the transaction for payment via a bank account." Thus, it is the actual process of "determining eligibility of the transaction" that is

being claimed, which does not require an explicit recitation of which transactions are or are not "eligible."

The Office Action further suggests that the terms "eligibility" and "eligible" are indefinite because they require a specific standard be recited so that one can determine which transactions are included and which are not. (Office Action, pages 14 and 15.) Again, Applicants note that the step of "determining eligibility of the transaction" is being claimed, not what constitutes and "eligible" transaction. The Office Action further states that reciting a specific standard "is a critical feature because some of the claim limitations are optional" and thus, under a stringent standard, "would never occur." (Office Action, page 15.) However, as will be addressed in greater detail below, this logic is significantly flawed. Specifically, the claims of the present application do not include "optional limitations" as the Office contends, but rather include *conditional* language. Optional language and conditional language cannot be confused with one another. There is simply no basis for lumping these very different linguistic principles together in the law of patents, just as there isn't in the law of contracts, or everyday application of the spoken or written word.

Moreover, the "determining eligibility of the transaction" limitations are properly enabled. To this end, examples of how eligibility may be determined are disclosed in the application. For example, as disclosed on page 7 of the application, "the authorization host 36 may determine eligibility based on bank account rules developed by the authorization host 36 and/or provided by the financial institution 38." As another example, which is also disclosed on page 7, "the authorization host 36 may communicate with the financial institution 38 to determine if sufficient funds exist in the bank account."

Claims 1 and 14 each further require providing (claim 1) or instructions for generating (claim 14) an authorization response that includes "a unique transaction identifier if the transaction is eligible for payment via the bank account," and receiving (claim 1) or instructions for receiving (claim 14) an electronic response packet "if the transaction is eligible

for payment via the bank account." Thus, Applicants respectfully believe that it is clear which transactions are or are not subject to the claim limitations.

Regarding the term "sufficient" in claims 19 and 21, Applicants submit that this term, as used in the claims, is likewise clear and definite. In that regard, claim 19 recites the step of "determining if sufficient funds exist in the bank account," and claim 21 recites "instructions for determining if sufficient funds exist in the bank account." Thus, it is the actual process of "determining if sufficient funds exist" that is being claimed, which does not require an explicit recitation of what constitutes "sufficient" funds.

Again, the Office Action requires that a standard must be given in the claims, otherwise it is unknown what "sufficient" funds are, rendering the claims indefinite. (Office Action, page 15.) Ironically, the Office Action next provides three examples demonstrating the *definiteness* of the term "sufficient" as used in the claims of the present application. This startling contradiction reinforces the conclusion that one of ordinary skill in the art would know the term's meaning. Certainly, it is clear that this Examiner does.

Regarding the claim term "transaction decision," Applicants also believe that this term is clear. In that regard, as required by each of claims 1 and 14, the term "transaction decision" pertains to "payment via the bank account." In other words, the term "transaction decision" refers to a decision regarding whether or not payment via the bank account is to occur. In a genuine effort to further clarify the term and advance the prosecution of this application, however, Applicants amended claims 1 and 14 to recite that the transaction decision pertains to "whether or not the check transaction is to proceed with payment via the bank account" in response to a prior Office Action. It appears that this amendment has gone unnoticed or perhaps ignored.

Regarding the Examiner's question as to how the transaction is processed and settled, Applicants respectfully believe that no additional features or steps are required in either claim 1 or claim 14. In that regard, Applicants respectfully traverse the §112 rejection of

claims 1 and 14 as being incomplete for omitting essential steps, such omission amounting to a gap between the steps.

Initially, Applicants note that the Office has failed to satisfy its burden in establishing this rejection. Specifically, in making the rejection, the Office is required to recite the steps/elements omitted from the claims and provide the rationale for considering the omitted steps/elements critical or essential. MPEP §706.03(d).

It should be noted that a proper rejection under this guideline pertains only to a claim "which omits matter *disclosed to be essential* to the invention *as described in the specification*." MPEP §2172.01. The MPEP further states that "[s]uch essential matter may include missing elements, steps or necessary structural cooperative relationships of elements *described by the applicant(s) as necessary* to practice the invention." *Id.* Accordingly, the appropriate rationale for considering the omitted steps/elements critical or essential must come from Applicants' disclosure, not from what an Examiner believes to be critical or essential.

Notwithstanding the misapplication of this rule, Applicants remind the Office that claim preambles are merely introductory statements, the primary purpose of which is to indicate the statutory class of the claim and to name or define the thing that is to be claimed (and/or its field of invention). A claim having a preamble that concludes with the transitional phrase "comprising" is construed as "open-ended and allows for additional steps [or elements]." MPEP §2111.03 (citation omitted.) That is, in patent parlance, the transition "comprising" means *including the following elements but not excluding others*. *Id.*

Thus, simply because the preamble of claims 1 and 14 recite "processing a check transaction," it does not follow that all steps/elements for processing a check transaction be recited in the claims. The Office Action indicates that a "settlement" limitation is required because without settlement, processing a check can never be fully accomplished. (Office Action, page 16.) This is not the law. First, the features recited in claims 1 and 14 relate to

"processing a check" and, thus, are not inconsistent with the preamble. Second, claims 1 and 14 do not necessarily "exclude" a settlement limitation as the claims are open-ended. Third, Applicants submit that the Office's proposed "settlement" limitation would likely suffer from the same rejections as the other terms described above, providing yet another example of the Office's contradictory positions in this action.

Accordingly, favorable reconsideration and withdrawal of the rejection of independent claims 1 and 14 and associated dependent claims under 35 U.S.C. §112 for at least the reasons set forth above is respectfully requested.

Obviousness Rejection

Claims 1-9, 14-16 and 18-22 stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Pat. No. 5,053,607, issued to Carlson *et al.* (hereinafter "*Carlson*"), in view of U.S. Pat. Appl. Pub. No. 2001/0037299, filed by Nichols *et al.* (hereinafter "*Nichols*"). Applicants respectfully traverse this rejection because the proposed combination of *Carlson* and *Nichols* does not teach or suggest the pending claims.

In order to establish a *prima facie* case of obviousness, the cited references, when combined, must teach or suggest all of the claim limitations. MPEP § 2142. The MPEP further states the importance of "properly [communicating] the basis for a rejection so that the issues can be identified early and [Applicants] can be given a fair opportunity to reply." MPEP § 706.02(j). In doing so, an office action should set forth "the relevant teachings of the prior art relied upon, preferably with reference to the relevant column or page number(s) and line number(s) where appropriate." *Id.*

Initially, it is noted that the Office, in each of the rejections under §103, has failed to properly communicate the basis of each rejection so that Applicants can identify the relevant issues and have an opportunity to respond. Specifically, the Office Action cites the entire *Nichols* publication (with the exception of Figures 8 and 9) as support for each rejection

of a claim limitation in which the Office relies on *Nichols*. To this end, the Office Action is replete with §103 rejections in which the Office's "reasoned statement of rejection" is a verbatim recital of Applicants' claim language followed by a general cite to *Nichols* in its entirety (e.g., abstract; Figs. 1-7; [0001] - [0084]). Identifying an entire reference as support is akin to identifying nothing in the reference. In this regard, a general allegation that a claimed feature is taught by a reference without identifying where/how the feature is taught fails to satisfy the Office's initial burden of examination.

Accordingly, favorable reconsideration and withdrawal of the rejection of claims 1-9, 14-16 and 18-22 under 35 U.S.C. § 103 are respectfully requested.

In the event that the Office maintains the rejection of these claims, Applicants respectfully request that the Office, in the interests of compact prosecution, identify on the record and with specificity sufficient to support a *prima facie* case of obviousness, where in the *Carlson* or *Nichols* references each feature of claims 1-9, 14-16 and 18-22 are alleged to be taught.

Notwithstanding the Office Action's deficiencies described above, Applicants respectfully believe that the rejection is improper. Claim 1, which is directed to a method for processing a check transaction, includes the following steps:

- receiving transaction information that is transmitted by a terminal;
- determining eligibility of the transaction for payment via a bank account;
- providing an electronic authorization response that is transmitted to the terminal, the authorization response including a unique transaction identifier if the transaction is eligible for payment via the bank account; and
- receiving an electronic response packet that is transmitted by the terminal if the transaction is eligible for payment via the bank account, the response packet including the unique transaction identifier and a transaction decision regarding

whether or not the check transaction is to proceed with payment via the bank account.

The Office Action contends that the combination of *Carlson* and *Nichols* teaches the aforementioned feature of "receiving an electronic response packet that is transmitted by the terminal if the transaction is eligible for payment via the bank account, the response packet including the unique transaction identifier and a transaction decision regarding whether or not the check transaction is to proceed with payment via the bank account" of independent claim 1. (Office Action, pages 4 and 5.) Independent claims 14 and 22 recite substantially similar features, similarly rejected. (Office Action, pages 8-9 and 11-12.) As noted in the Office Action, *Carlson* fails to disclose the above features. Furthermore, *Nichols* fails to cure the deficiencies of *Carlson*. Specifically, *Nichols* fails to teach or suggest the use of an *electronic response packet* that includes a unique transaction identifier provided with an authorization response, and a transaction decision regarding whether the transaction is to proceed with payment via the bank account. This feature can provide safeguards against multiple debiting of a bank account for the same check transaction.

Rather, *Nichols* merely discloses that a previously completed transaction may be voided (if after the transaction, but before settlement) or credited (if after settlement has already occurred). (*Nichols*, [0082].) "[S]uch corrective adjustments to prior events" may be communicated by a service subscriber (e.g., merchant). *Id.* Thus, the combination of *Carlson* and *Nichols* fails to render unpatentable claims 1, 14 and 22. Consequently, claims 1, 14 and 22, as well as the associated dependent claims, are believed to be allowable.

The Office Action repeatedly relies on the assertion that each "if" phrase of claims 1, 14 and 22 identifies optional language and, thus, there is "not a positive limitation recited." Thus, as the Office's argument goes, each "if" statement can be ignored for purposes of examination. Applicants respectfully disagree.

To the contrary, each "if" phrase recites conditional expressions, not optional language. That is, each "if" phrase requires that certain features be met in the event the

condition following the term "if" occurs. For example, claims 1, 14 and 22 each require that the authorization response include a unique transaction identifier "if the transaction is eligible for payment via the bank account." As another example, claims 1, 14 and 22 each require receiving (claims 1 and 22) or instructions for receiving (claim 14) an electronic response packet "if the transaction is eligible for payment via the bank account." It should be noted that an apparatus that has an element that makes a conditional response to some stimulus is not an optional element. Similarly, a method/process step that executes a conditioned response to an input is not optional, and should not be discarded.

The Office Action remarks that "[a]s a matter of linguistic precision, optional claim elements do not narrow claim limitations, since they can always be omitted." (Office Action, page 13.) However, treating conditional language as optional language is linguistically imprecise. The above quotation relied upon by the Office was taken from *In re Johnston*, 77 USPQ2d 1788 (Fed. Cir. 2006). It should be noted that *In re Johnston* does not support a rule interpreting "if" or "when" as identifying an optional limitation. Rather, the claim term at issue in *In re Johnston* was "may." May does identify optional features; if does not. Moreover, it is "Office policy is not to employ *per se* rules to make technical rejections." MPEP §2173.02.

The Office Action lumps several terms together (such as *if*, *may*, *might*, *can*, *could*) and treats the terms as optional language, but provides no basis or support for this treatment. Applicants invite the Office to identify a rule or MPEP guideline to this effect.

Ultimately, the important standard is whether the claims adequately define the metes and bounds of the subject matter to be protected. MPEP §2171. A claim term that identifies a *condition* satisfies this requirement.

Accordingly, favorable reconsideration and withdrawal of the rejection of independent claims 1, 14 and 22, and the associated dependent claims, under 35 U.S.C. § 103 for at least the reasons set forth above is respectfully requested.

Lastly, it is noted that the Office Action fails to specifically address even the expressly recited features of pending dependent claims 2-4. Under the Office's policy of compact prosecution, each claim should be reviewed for compliance with every statutory requirement for patentability in the initial review of the application, even if one or more claims are found to be deficient with respect to some statutory requirement. MPEP §707.07(g). It is submitted that the present application is not sufficiently informal, does not present an undue multiplicity of claims, or exhibit a misjoinder of inventions, so as to reasonably preclude a complete action on the merits. Thus, it is submitted that the Office's failure constitutes a failure to expeditiously provide the information necessary to resolve issues related to patentability that prevents the Applicants from, for example, presenting appropriate patentability arguments and/or rebuttal evidence. (See The Official Gazette Notice of November 7, 2003). Additionally, it is submitted that the Office's failure needlessly encourages piecemeal prosecution, which is to be avoided as much as possible. MPEP §707.07(g). Accordingly, in the event that the Office maintains the rejection of any of the dependent claims, Applicants respectfully request, in the interests of compact prosecution, that the Office apply art against each feature of each rejected dependent claim, on the record, and with specificity sufficient to support a *prima facie* case of anticipation (or obviousness).

New Claims

New claims 23 and 24 have been added for consideration by the Office. New claims 23 and 24 recite the steps of "upon determining the transaction is eligible for payment via the bank account, providing an electronic authorization response that is transmitted to the terminal, the authorization response including a unique transaction identifier" and "upon determining the transaction is eligible for payment via the bank account, receiving an electronic response packet that is transmitted by the terminal, the response packet including the unique transaction identifier and a transaction decision regarding whether or not the check transaction is to proceed with payment via the bank account." Because these steps, in combination with the other steps recited in each respective claim, are not disclosed in the cited references, claims 23 and 24 are believed to be allowable.

CONCLUSION

In view of the foregoing, Applicants respectfully submit that the independent claims patentably define the present invention over the citations of record. Further, the dependent claims should also be allowable for the same reasons as their respective base claims and further due to the additional features that they recite. Separate and individual consideration of the dependent claims is respectfully requested.

In light of the fact that the Office has failed to establish a *prima facie* case of obviousness with respect to several of the claims, Applicants submit that any subsequent Office Action maintaining the claim rejections should be non-final.

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Respectfully submitted,

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